

EE

H1 2015 RESULTS



Record H1 adj EBITDA margin; Revenue returns to growth; remains Europe's fastest growing 4G network

Investment in network differentiation and operational efficiency deliver record margin

–H1 adj. EBITDA¹ +9.2% yoy to £830m, a 26.6% (H1 2014: 24.4%) margin

Operating revenue returns to growth

–Q2 operating revenue +0.1% yoy, +2.2% excluding regulatory impact

–Strong growth in Fixed and Wholesale

Europe's largest and fastest growing 4G customer base

–4G net adds of 1.5m, 4G base now 10.9m, up 6.7m yoy, well on track to reach 14m year end target.

–4G available to over 90% population with nearly 50% consumer postpaid customers choosing our unique double speed 4G

–EE again ranked #1 network by Rootmetrics in H1/15 tests

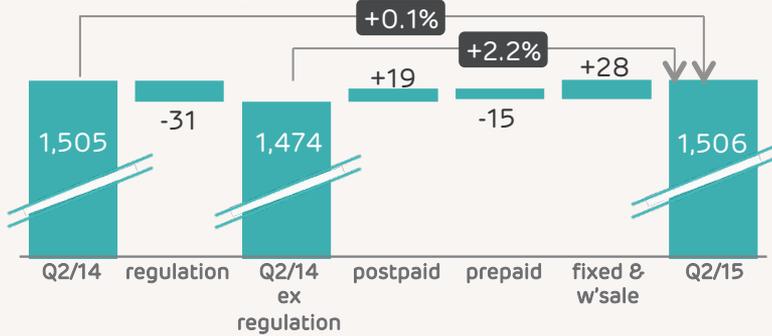
Continued product innovation and cross selling strategy drive customer growth

–Q2 postpaid net adds of 178k including machine to machine, with postpaid churn down to 1.1%.

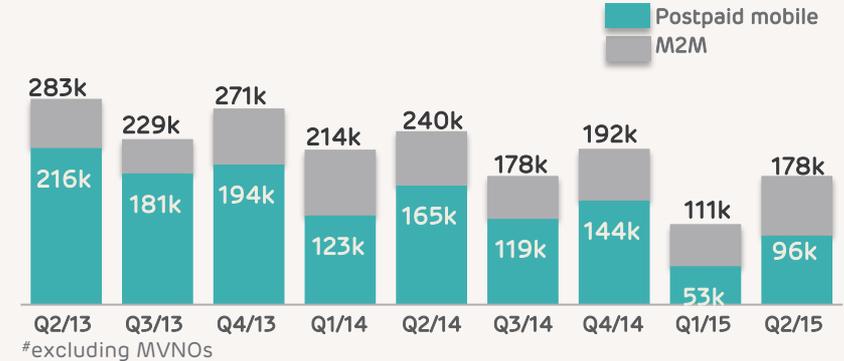
–Driving innovation with launch of WiFi calling, introduced the EE Power Bar and launched the world's first 4G connected camera: the 4GEE Action Cam.

Our customers: maintaining commercial leadership

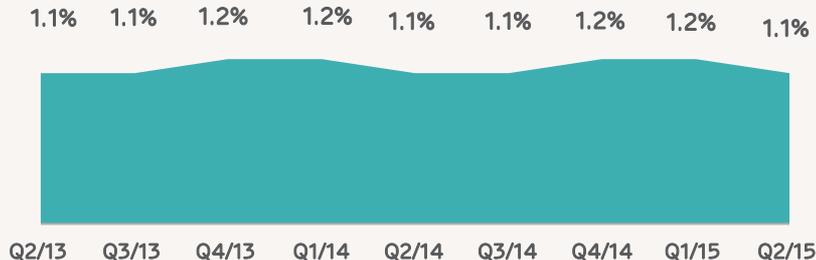
Q2 operating revenue grows 0.1%, +2.2% ex. regulation, £m



Continued postpaid growth[#]



Sustained low postpaid churn^a



^a monthly average (3 month rolling)

Insights

- Q2 operating revenue growth of 0.1% yoy, underlying +2.2%, with postpaid and fixed & wholesale growth partially offset by prepaid decline
- 4G base of 10.9m; addition of 1.5m 4G customers in Q2
- Strong customer retention; churn 1.1%
- Q2 fixed-line revenue growth +18% yoy; 35k net adds

Initiatives

- Strong uptake of voice over WiFi, over 1.2m adopters
- Distributed over 1m EE Power Bars, increasing loyalty and driving Retail footfall
- Focus on customer satisfaction delivers strong NPS^{*} growth in Customer Service, Retail and Digital platforms

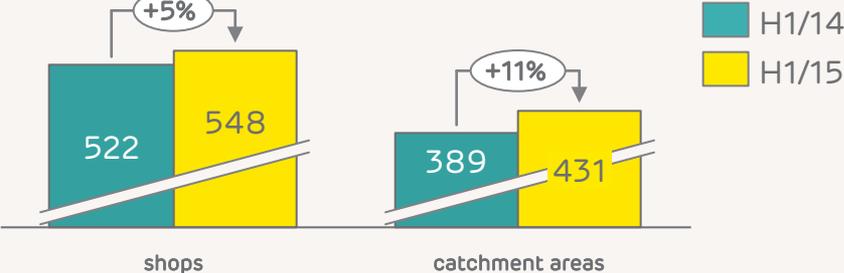
* Net Promoter Score

Operational excellence: record high adj EBITDA margin

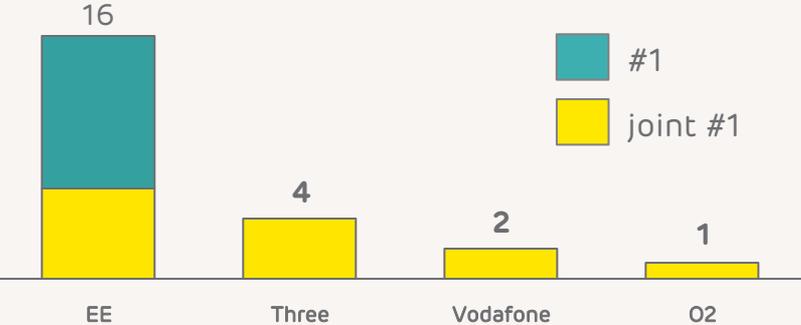
H1 adj EBITDA margin improved to 26.6%, £'m



Operational efficiency: 11% increase in retail catchment area



Network leadership: Ranked #1 or joint #1 by Rootmetrics in all 16 cities tested in H1/15



Insights

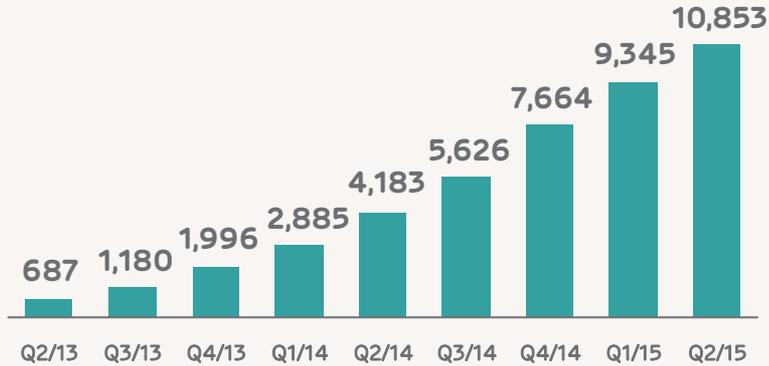
- H1/15 adj. EBITDA up 9.2% yoy
- Retail catchment area up 11% yoy as shop locations optimised, franchised stores up 69% yoy
- Retaining network leadership, overall winner or joint winner in all 16 cities (inc all 4 capitals) and 3 airports tested in H1/15

Initiatives

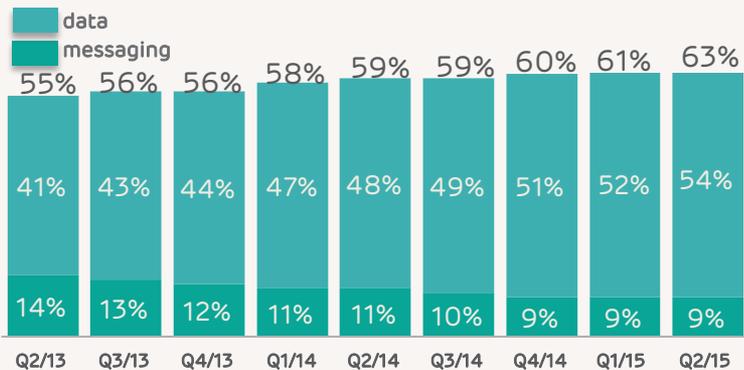
- Customer service, invested £50m over past 18 months, opened 2 new UK call centres in past 12 months
- Continued network efficiency process, commenced 2 year process to close 18 surplus switch sites. Radio sites down 6% yoy
- Simplified tariff structure; legacy brands no longer sold

Platforms for growth: 4G supporting data revenue growth

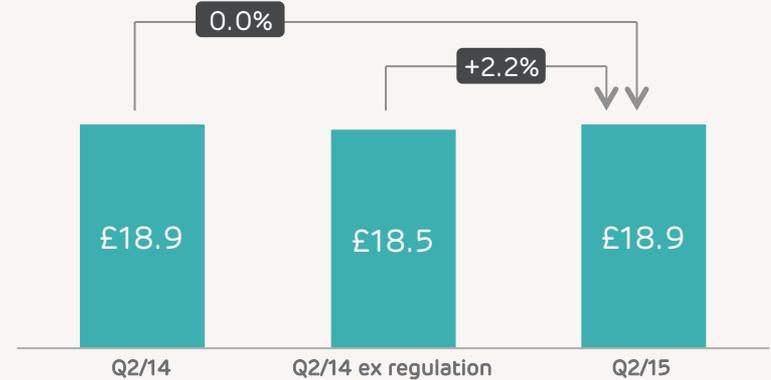
Strong 4G base growth, '000



Continued data revenue growth Non voice % ARPU



Mobile blended monthly ARPU growth



Insights

- Blended ARPU ex regulation +2.2% yoy, as postpaid base mix increases to 62.1% (Q2/14 59.7%), exc M2M/MVNO
- 4G base growth drives non-voice revenues, with data/text revenues +4ppts yoy to 63% of ARPU
- Strong base growth yoy in new categories, 61% tablets, 27% mobile WiFi and 14% M2M

Initiatives

- Launched new Connected strategy with EE 4G Action Cam, helping drive MPAR up 4.5% yoy
- Extended own brand device range; launched new smartphones, the EE Harrier, EE Harrier Mini and low cost EE Rook, plus the UK's best value 4G tablet, the EE Harrier tab ⁵